

Albemarle Corporation

Fourth Quarter 2015 Earnings

Conference Call/Webcast
Thursday, February 18, 2016
9:00am ET



Forward-Looking Statements

Some of the information presented in this presentation and the conference call and discussions that follow, including, without limitation, statements with respect to the transaction with Rockwood and the anticipated consequences and benefits of the transaction, product development, changes in productivity, market trends, price, expected growth and earnings, input costs, surcharges, tax rates, stock repurchases, dividends, cash flow generation, costs and cost synergies, portfolio diversification, economic trends, outlook and all other information relating to matters that are not historical facts may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. There can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially include, without limitation: changes in economic and business conditions; changes in financial and operating performance of our major customers and industries and markets served by us; the timing of orders received from customers; the gain or loss of significant customers; competition from other manufacturers; changes in the demand for our products; limitations or prohibitions on the manufacture and sale of our products; availability of raw materials; changes in the cost of raw materials and energy; changes in our markets in general; fluctuations in foreign currencies; changes in laws and government regulation impacting our operations or our products; the occurrence of regulatory proceedings, claims or litigation; the occurrence of cyber security breaches, terrorist attacks, industrial accidents, natural disasters, or climate change; the inability to maintain current levels of product or premises liability insurance or the denial of such coverage; political unrest affecting the global economy; political instability affecting our manufacturing operations or joint ventures; changes in accounting standards; the inability to achieve results from our global manufacturing cost reduction initiatives as well as our ongoing continuous improvement and rationalization programs; changes in the jurisdictional mix of our earnings and changes in tax laws and rates; changes in monetary policies, inflation or interest rates; volatility and substantial uncertainties in the debt and equity markets; technology or intellectual property infringement; decisions we may make in the future; the ability to successfully execute, operate and integrate acquisitions and divestitures, including the integration of Rockwood's operations and realize estimated synergies; and the other factors detailed from time to time in the reports we file with the SEC, including those described under "Risk Factors" in the joint proxy statement / prospectus we filed in connection with the transaction with Rockwood, and in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this presentation. We assume no obligation to provide any revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

Non-GAAP Financial Measures

It should be noted that adjusted net income attributable to Albemarle Corporation (“adjusted earnings”), adjusted diluted earnings per share, adjusted effective income tax rates, segment operating profit, segment income, EBITDA, adjusted EBITDA, adjusted EBITDA by operating segment, EBITDA margin and adjusted EBITDA margin are financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States, or GAAP. These measures are presented here to provide additional useful measurements to review our operations, provide transparency to investors and enable period-to-period comparability of financial performance.

A description of these and other non-GAAP financial measures that we use to evaluate our operations and financial performance, and reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP, can be found in the Appendix to this presentation, which is posted in the Investors section of our website at www.albemarle.com, under “Non-GAAP Reconciliations” under “Financials.”

Key Accomplishments – Full Year 2015

- Strong business performance
 - » Performance Chemicals adjusted EBITDA¹ up 14% excluding unfavorable currency exchange impacts driven by Performance Catalyst Solutions and Lithium
 - » Chemetall[®] Surface Treatment net sales up 12% and adjusted EBITDA¹ up 14% excluding unfavorable currency exchange impacts
 - » Heavy Oil Upgrading adjusted EBITDA¹ up over 10% excluding unfavorable currency exchange impacts
- Adjusted Diluted EPS¹ of \$3.94 and adjusted EBITDA¹ of \$959M
 - » Delivered Synergy cost savings of \$60M with a run rate of \$88M
 - » Raised dividend by 5%; dividend raised every year since going public 20+ years ago
- Adjusted FCF² of \$506M in line with guidance of \$475M-\$525M
 - » Actual FCF² of \$155M related to timing of tax repatriation and one-time costs
- Key developments
 - » Closed the sale of Minerals and Metal Sulfides businesses in early 2016
 - » Retired \$330M in debt, reducing net debt to about \$3.3B as of Feb. 2016, in line with our forecast
 - » Granted new increased brine pumping permit in Chile that allows for production of over 70,000 metric tons of lithium carbonate annually
 - » Signed MOU with Chilean government for lithium quota that increases and extends expected life of our secured reserves in Chile, from roughly 15 to 27 years

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

²Free Cash Flow is defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. Adjusted FCF for YTD 2015 adds back approximately \$351 million for acquisition related cash expenses, cash taxes on repatriation, and other cash adjustments. See slide 15 for details.

Key Expectations – Full Year 2016

- Adjusted EBITDA¹ \$900 million – \$950 million and adjusted Diluted EPS¹ \$3.45 - \$3.80
 - » An increase of 3% - 9% over pro forma 2015 adjusted EBITDA (see slide 16)
 - » Double digit percentage increase in Lithium adjusted EBITDA
 - » Mid to high single digit percentage increase in Chemetall® Surface Treatment adjusted EBITDA
 - » High single digit percentage increase in Refining Solutions adjusted EBITDA
- Adjusted FCF² Guidance of \$550M - \$650M
 - » \$450M - \$550M FCF² including one time items
- Incremental synergies of \$60M
 - » Projects identified to deliver the additional \$32M needed to reach our goal of \$120M in synergies in 2016 vs 2014
- Continued focus on cash-related priorities
 - » Deleveraging – 1H decision on sale of Fine Chemistry Services business
 - » Capital spending of \$230 - \$240 expected, including growth capital needed for Lithium

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

² Free Cash Flow is defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures. Adjusted FCF adds back acquisition related cash expenses, cash taxes on repatriation, and other cash adjustments.

Full Year 2015 Financial Results

	FY 2015 (\$ in millions, except EPS)	Proforma FY 2014 (\$ in millions, except EPS)	As Reported FY 2014 (\$ in millions, except EPS)
Net Sales	\$ 3,651	\$ 3,870	\$ 2,446
Net Sales ex F/X	\$ 3,891		
Adjusted EBITDA ^{1,3}	\$ 959	\$ 908	\$ 562
Adj. EBITDA ex FX	\$ 961		
Adjusted EBITDA Margin ^{1,3}	26%	23%	23%
Adjusted Earnings ^{1,2}	\$ 439	---	\$ 332
Adjusted Diluted EPS ^{1,2}	\$ 3.94	---	\$ 4.20
Free Cash Flow (FY) ^{1,4}	\$ 155	---	\$ 396

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

²Reflects Net Income attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

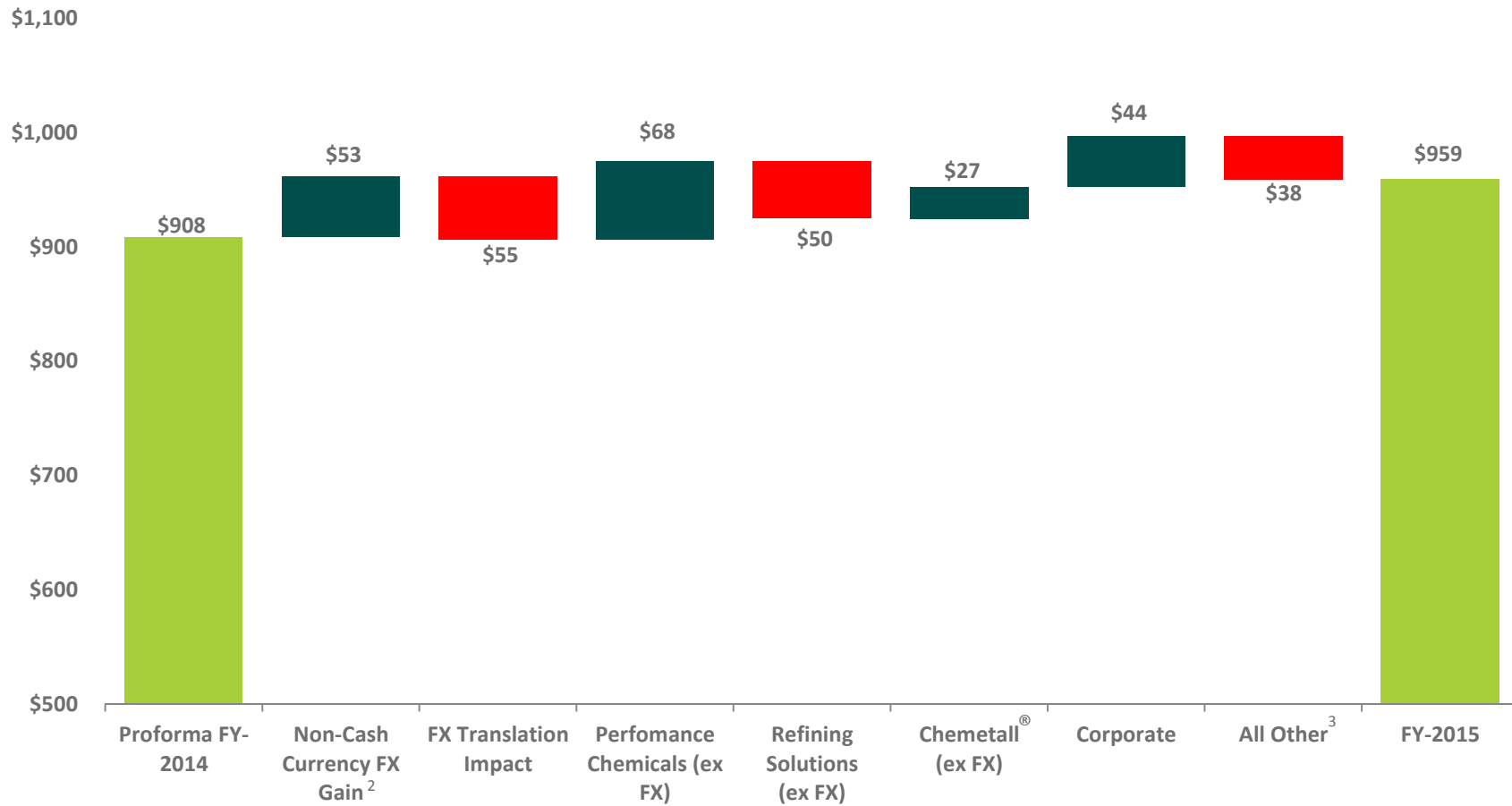
³Reflects EBITDA attributable to Albemarle Corporation, before discontinued operations and the special and non-operating pension and OPEB items.

⁴Free Cash Flow is defined as Net Cash from Operations, add back pension and post-retirement contributions and subtract capital expenditures.

Additionally, FCF for FY 2015 includes approximately \$351 million for acquisition related cash expenses and cash taxes on repatriation. See slide 15 for details.

Full Year 2015 Adjusted EBITDA¹ Bridge

(\$ in millions)



¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

²Includes favorable, non-cash currency exchange benefit of \$52.4M from 1Q15.

³All Other reflects results of other businesses planned for divestiture.

Fourth Quarter 2015 Financial Results

	4Q 2015 (\$ in millions, except EPS)	Proforma 4Q 2014 (\$ in millions, except EPS)	As Reported 4Q 2014 (\$ in millions, except EPS)
Net Sales	\$ 930	\$ 950	\$ 599
Net Sales ex F/X	\$ 976		
Adjusted EBITDA ^{1,3}	\$ 229	\$ 226	\$ 137
Adj. EBITDA ex FX	\$ 240		
Adjusted EBITDA Margin ^{1,3}	25%	24%	23%
Adjusted Earnings ^{1,2}	\$ 116	---	\$ 77
Adjusted Diluted EPS ^{1,2}	\$ 1.03	---	\$ 0.99
Free Cash Flow (YTD) ^{1,4}	\$ 155	---	\$ 396

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

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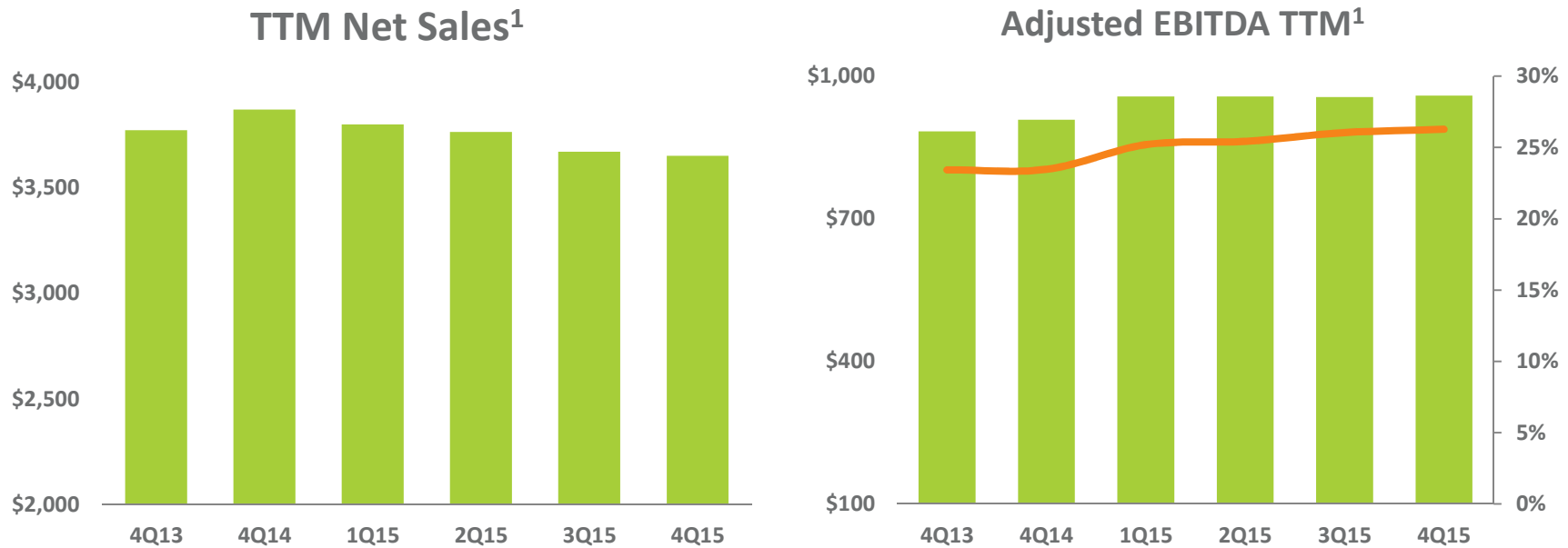
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Additionally, FCF for YTD 2015 includes approximately \$351 million for acquisition related cash expenses and cash taxes on repatriation. See slide 15 for details.

Fourth Quarter 2015 Financial Highlights¹

(\$ in millions)

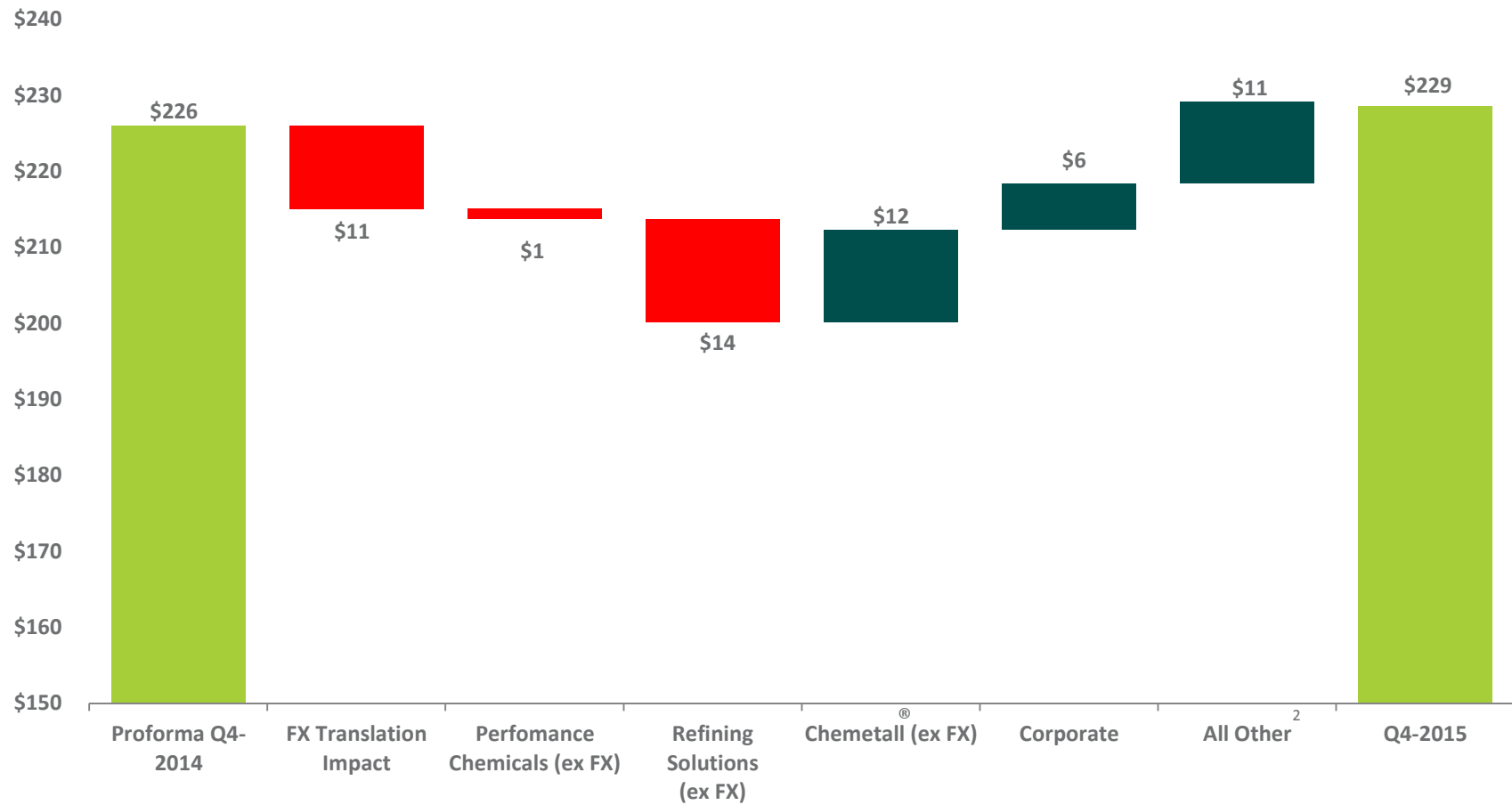


- Core business net sales performed as expected in Q4 excluding unfavorable currency exchange impacts
 - » Unfavorable currency exchange impact reduced total company net sales by ~5% in the quarter
- Core business adjusted EBITDA flat in Q4 excluding unfavorable currency exchange impacts with 29% adjusted EBITDA margins
- Strong results in Lithium, Surface Treatment, and Heavy Oil Upgrading

¹ Historical data is based on proforma results of combining ROC and ALB to allow for meaningful comparisons year over year. See Form 8-K furnished to the SEC in April 2015 for detail on historical results.

Fourth Quarter 2015 Adjusted EBITDA¹ Bridge

(\$ in millions)



¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

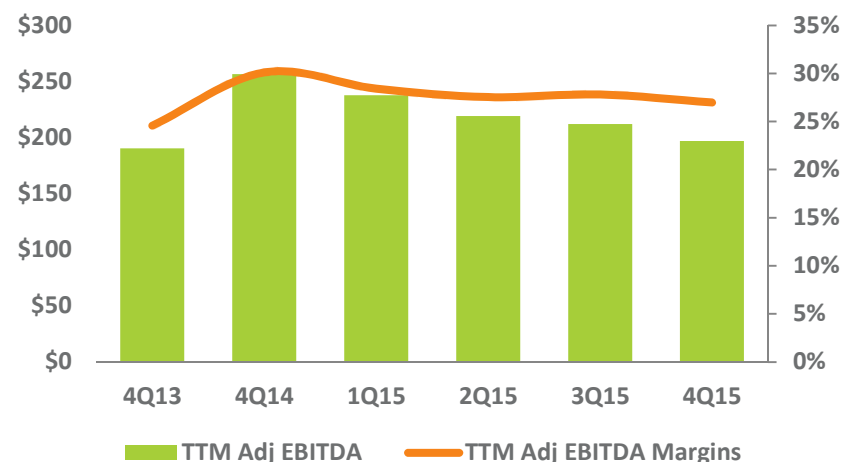
²All Other reflects results of other businesses planned for divestiture.

Refining Solutions

4th Qtr & Full Year Performance

(\$ in millions)	4Q 2015	Δ Proforma 4Q 2014	FY 2015	Δ Proforma FY 2014
Net Sales	\$200	(14%)	\$729	(14%)
<i>Net Sales ex FX</i>	\$205	(12%)	\$760	(11%)
Adj. EBITDA¹	\$53	(22%)	\$198	(23%)
<i>Adj. EBITDA ex FX</i>	\$54	(20%)	\$207	(19%)
Adj. EBITDA Margin¹	26%	(25) bps	27%	(30) bps
<i>Adj. EBITDA Margin ex FX</i>	26%	(27) bps	27%	(29) bps

Historical Trend



Performance Drivers

- Both Heavy Oil Upgrading (FCC) and Clean Fuels Technologies (HPC) performed in line with expectations in fourth quarter, stable compared to 3Q15.
- Heavy Oil Upgrading (FCC) annual adjusted EBITDA hit a new high in 2015, excluding years where rare earth surcharges had a significant impact – driven by higher than normal demand growth in transportation fuels and startup of new units.
- Clean Fuels Technologies (HPC) stabilized as the year progressed positioning business for improvement in 2016.

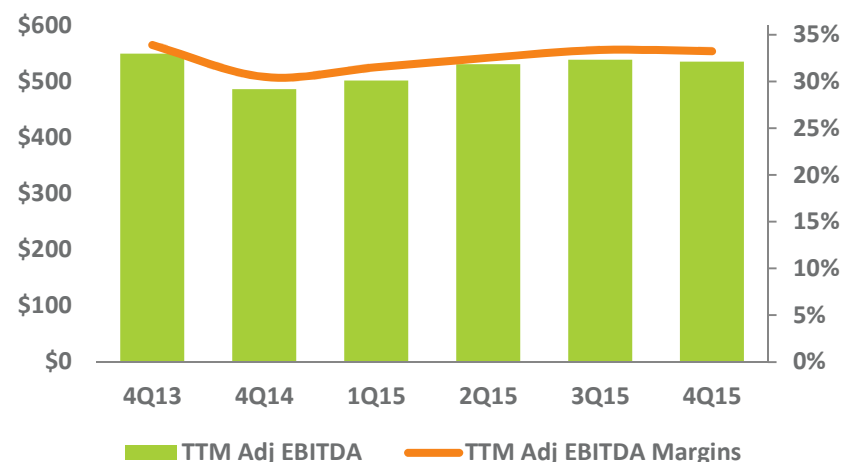
¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Performance Chemicals

4th Qtr & Full Year Performance

(\$ in millions)	4Q 2015	Δ Proforma 4Q 2014	FY 2015	Δ Proforma FY 2014
Net Sales	\$386	(1%)	\$1,610	1%
<i>Net Sales ex FX</i>	\$396	2%	\$1,672	5%
Adj. EBITDA¹	\$120	(3%)	\$536	10%
<i>Adj. EBITDA ex FX</i>	\$122	(1%)	\$555	14%
Adj. EBITDA Margin¹	31%	(6) bps	33%	28 bps
<i>Adj. EBITDA Margin ex FX</i>	31%	(9) bps	33%	27 bps

Historical Trend



Performance Drivers

- Lithium delivered double digit net sales and adjusted EBITDA growth driven by volume in battery grade products and improved pricing. For the full year Lithium delivered adjusted EBITDA growth of 19% and adjusted EBITDA margins of 42%.
- Bromine full year adjusted EBITDA was about flat year over year and up 5% excluding unfavorable currency exchange impact with better than expected Completion Fluid sales and overall pricing improvement.
- PCS delivered full year adjusted EBITDA growth of 22% driven by sales growth & product mix in specialty, single-site catalysts as well as one-time sales and cost savings.

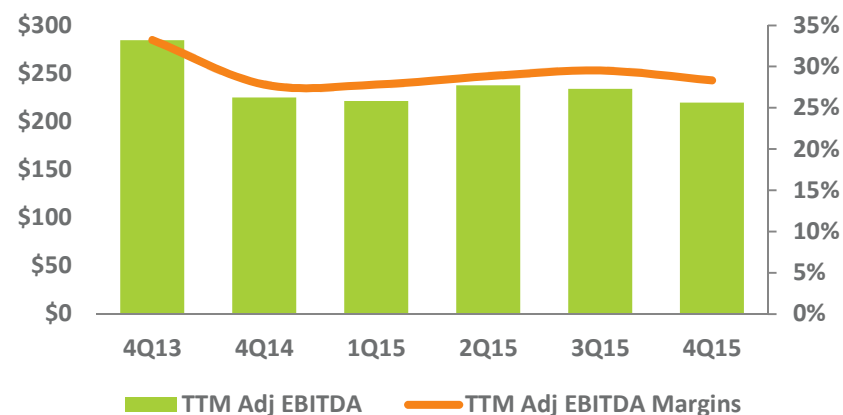
¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Performance Chemicals – Bromine and Lithium detail

4th Qtr & FY Bromine Performance

(\$ in millions)	4Q 2015	Δ Proforma 4Q 2014	FY 2015	Δ Proforma FY 2014
Net Sales	\$171	(9%)	\$776	(4%)
<i>Net Sales ex FX</i>	\$175	(7%)	\$796	(2%)
Adj. EBITDA¹	\$42	(21%)	\$223	(1%)
<i>Adj. EBITDA ex FX</i>	\$43	(19%)	\$235	5%
Adj. EBITDA Margin¹	25%	(38) bps	29%	9 bps
<i>Adj. EBITDA Margin ex FX</i>	25%	(37) bps	30%	17 bps

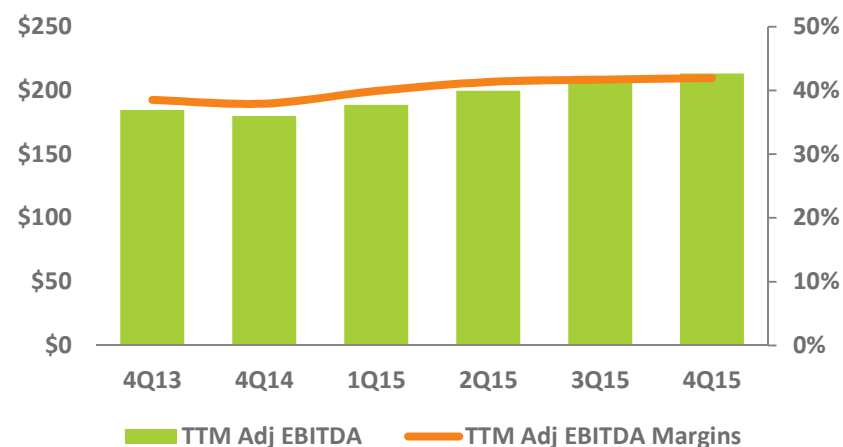
Bromine Historical Trends



4th Qtr & FY Lithium Performance

(\$ in millions)	4Q 2015	Δ Proforma 4Q 2014	FY 2015	Δ Proforma FY 2014
Net Sales	\$139	12%	\$509	7%
<i>Net Sales ex FX</i>	\$146	17%	\$543	14%
Adj. EBITDA¹	\$57	15%	\$213	19%
<i>Adj. EBITDA ex FX</i>	\$58	17%	\$217	20%
Adj. EBITDA Margin¹	41%	11 bps	42%	40 bps
<i>Adj. EBITDA Margin ex FX</i>	40%	(1) bps	40%	20 bps

Lithium Historical Trends



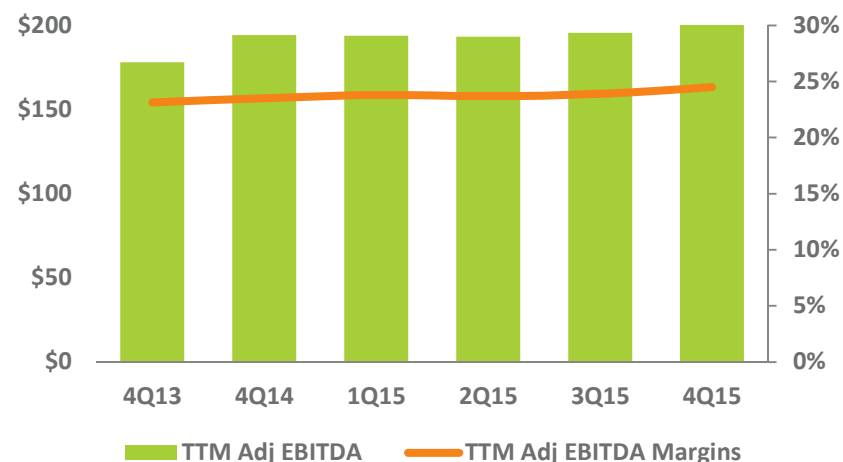
¹ Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Chemetall® Surface Treatment

4th Qtr & Full Year Performance

(\$ in millions)	4Q 2015	Δ Proforma 4Q 2014	FY 2015	Δ Proforma FY 2014
Net Sales	\$208	3%	\$825	(0%)
<i>Net Sales ex FX</i>	\$229	13%	\$923	12%
Adj. EBITDA¹	\$54	14%	\$202	4%
<i>Adj. EBITDA ex FX</i>	\$60	26%	\$222	14%
Adj. EBITDA Margin¹	26%	24 bps	24%	10 bps
<i>Adj. EBITDA Margin ex FX</i>	26%	25 bps	24%	5 bps

Historical Trend



Performance Drivers

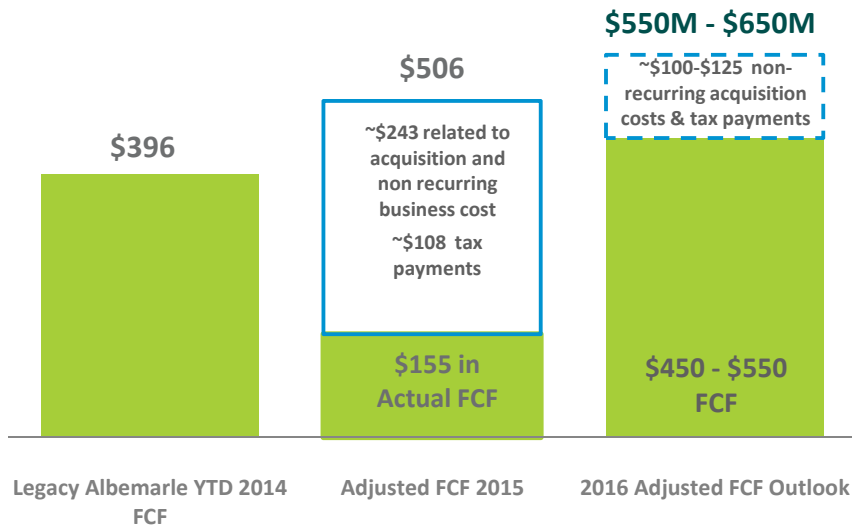
- Very strong year with net sales growth of 12% and adjusted EBITDA growth of 14% excluding FX as a result of improved volumes, pricing, and 1Q acquisition of Shanghai JV.
- Growth in all regions led by Asia Pacific and North America.
- Solid growth in all key markets led by automotive, aerospace, aluminum finishing, and coil.

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

Financial Performance

Twelve Months Ended December 31

(\$ in millions)	2015	2014 ¹
Net Cash from Operations	361	493
Less: Capital Expenditures	(228)	(111)
Add Back: Pension Contributions	22	14
Free Cash Flow	\$155	\$396
Acquisition and integration related costs	146	
Cash taxes on repatriation	108	
Other cash adjustments	97	
Adjusted Free Cash Flow	\$506	



Select Financial Metrics

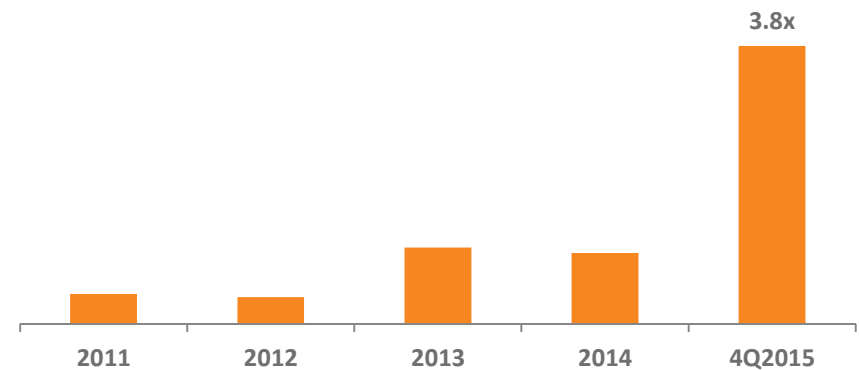
(\$ in millions)	(as of 12/31/2015)
• Dividends Paid:	\$119
• Dividend Growth (Y/Y) ² :	5%
• Cash Balance:	\$214
• Net Debt ³ :	\$3,720

¹2014 data is based on legacy ALB results.

²Represents annual increase in dividend per share. Actual cash dividends paid increased 42% Y/Y.

³Excludes JV debt not guaranteed by Company.

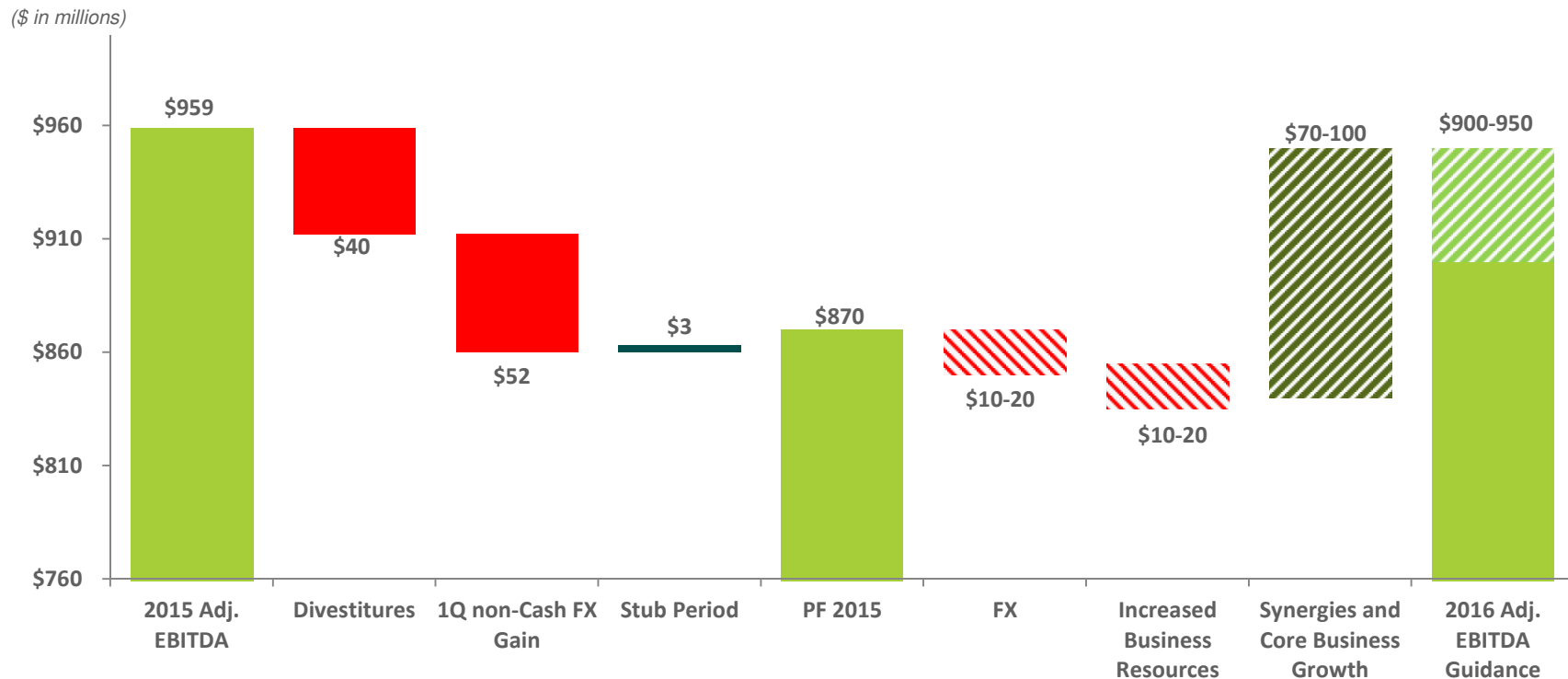
Net-Debt-to-Adj. EBITDA⁴



⁴Net-Debt-to-Adjusted EBITDA ratio is based on the bank covenant definition.

Strong adjusted FCF in 2015 → Confident in achieving 2016 guidance

Full Year 2016 Adjusted EBITDA¹ Bridge










- 2016 adjusted EBITDA¹ guidance of \$900M to \$950M
- Reflects a growth rate of 3% - 9% versus pro forma 2015 adjusted EBITDA
- Potential unfavorable currency exchange impact of \$10M - \$20M
- Increased spending of \$10M - \$20M focused on business growth in Lithium, Chemetall[®], and Refining Solutions
- Positive impact of additional integration synergies and Core business growth of \$70M - \$100M excluding unfavorable currency exchange impact

¹Non-GAAP measure. See Non-GAAP reconciliations in Appendix.

2016 Scorecard

Objective	Metrics
<p>Generate adjusted EBITDA and cash sufficient to stay on track to achieve a 2.5 Net-Debt-to-EBITDA ratio by end of 2017</p>	<ul style="list-style-type: none"> • \$900 - 950 million of adjusted EBITDA from in 2016 • \$550 - 650 million in Adjusted Free Cash Flow in 2016, \$450 - 550 million in reported Free Cash Flow • Capital spending in range of \$230 - 240 million • Operating Working Capital in core businesses of no more than 25% • Complete sale of Fine Chemistry Services business if value received meets expectations
<p>Complete Integration of Rockwood Businesses</p>	<ul style="list-style-type: none"> • Execute identified projects to deliver additional synergies that will result in at least \$120 million of total savings in 2016 vs 2014 • Ensure that all actions enhance the performance of the underlying businesses • Continue to search for additional efficiency opportunities
<p>Plan to capture 50% of growth in lithium demand</p>	<ul style="list-style-type: none"> • Complete all start-up and customer qualification milestones so that new 20,000 MT lithium carbonate plant in La Negra is a material contributor to earnings in 2017 • Convert the MOU on new lithium quota in Chile into definitive agreement • Execute spodumene tolling strategy in Asia to meet customer demand • Develop scope for next key capital projects to timely meet market growth

Full Year 2016 Guidance vs Pro Forma 2015

	Division	2016 Outlook	Business Environment
Refining Solutions	Heavy Oil Upgrading		<ul style="list-style-type: none"> Catalysts demand for transportation fuel sustained at the high levels of 2015 High number of trials at customers Marginal price impact from announced price increase within 2016
	Clean Fuel Technologies		<ul style="list-style-type: none"> Increased change outs by refiners excluding South America Improved segment and product mix
Performance Chemicals	Bromine		<ul style="list-style-type: none"> Expect Completion fluids weakness with reduced CAPEX spending by major oil companies Loss of methyl bromide contract
	Lithium and Advanced Materials		<ul style="list-style-type: none"> Volume growth in battery grade applications and continued price improvement Volume growth through tolling of spodumene in 2016 Volume growth from Chile expansion to start in 2017
	PCS / Curatives		<ul style="list-style-type: none"> Maintain gains made in 2015 Volume growth expected to be in line with market growth Benefits from competitor outages in 2015 not expected to re-occur in 2016
Surface Treatment	Surface Treatment		<ul style="list-style-type: none"> Geographic and end market diversity continues to drive growth particularly in automotive, aerospace, aluminum finishing, and coils.
Total Company			<ul style="list-style-type: none"> Net sales \$3.2B to \$3.4B Adjusted EBITDA \$900M to \$950M – up 3-9% Adjusted EBITDA margins around 28% D&A \$280-290 (full year La Negra expansion) Free Cash Flow \$450M to \$550M (\$550M to \$650M adjusted) Adjusted EPS to \$3.45 to \$3.80 CAPEX \$230 - \$240 M

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